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THE MILITANT

A SOCIALIST NEWSWEEKLY PUBLISHED IN THE INTERESTS OF WORKING PEOPLE

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Venezuela constitutional referendum fails amid high abstention

BY OLYMPIA NEWTON

Voter abstention was high in a December 2 referendum on proposed changes to Venezuela's constitution. The referendum was defeated 51 to 49 percent, with just 56 percent voter turnout.

The 69 amendments to the constitution, which were proposed by President Hugo Chávez and his supporters, were voted on in two groups. The changes included a range of measures that would have expanded the scope of the president's powers and established political, territorial, and military structures—tied to supporters of Chávez—parallel to existing state structures. The proposals also included a reduction of the workday to six hours with no cut in pay, the integration of the self-employed into the state social security system, and banning job discrimination against gays, among many other measures.

In the weeks leading up to the referendum, the U.S.-backed opposition to the Chávez government launched a campaign of mobilizations against the constitutional changes. Daily marches, often led by students from the capital's elite private universities, were a feature of this campaign.

Some prominent government supporters broke with Chávez over the

Continued on page 3

Spy report says Iran ended nuclear plan; U.S. gov't keeps up pressure

BY CINDY JAQUITH

According to a National Intelligence Estimate (NIE) released December 3 by the U.S. government, Iran ended its nuclear weapons program in 2003 and has not resumed the program since.

The argument that Iran's nuclear program is aimed at producing atomic bombs has been Washington's principal justification for economic sanctions and a host of military threats against that country.

The NIE, a report based on the consensus of all 16 U.S. spy agencies, underscores that a U.S. military strike against Iranian nuclear facilities is not on the agenda. The U.S. rulers' continue to mount diplomatic and economic pressure against Tehran aimed at replacing the present regime with one that will be more pliant toward Washington's interests in the region.

"We judge with moderate confidence that the earliest possible date Iran would be technically capable of producing enough highly enriched uranium (HEU) for a weapon is late 2009, but that this is very unlikely," reads the report. "We judge with moderate confidence Iran probably would be technically capable of producing enough HEU for a weapon sometime

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Gov't home loan 'aid' plan will protect banks

Millions will continue to face foreclosure

BY MAGGIE TROWE

MIAMI—As the rate of home foreclosures soared for those holding high-interest "subprime" mortgages, U.S. president George Bush announced a plan December 6 that he said would address the crisis. The plan, put forward by the White House and a group of banks and other major lenders, would affect only a minority—possibly 12 percent—of subprime borrowers facing loss of their homes. It would protect financial institutions that profit from mortgages.

Meanwhile, in Florida, concern over investments linked to subprime mortgages led panicky local governments to withdraw billions from a state-run

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Miners strike in South Africa, protest deadly job conditions



AP/Jerome Delay

Miners march December 4 in Johannesburg, South Africa. "Organize or die," said one sign.

BY DOUG NELSON

A quarter million miners conducted a one-day strike across South Africa December 4 to demand safer working conditions. Tens of thousands of workers rallied in downtown Johannesburg, some donning mining gear, others with shovels and signs saying "No more," "Safety is a human right," and "Pay us a living wage."

Despite the mining bosses' earlier pledges to lower the fatality rate by 20 percent a year, about 200 workers have been killed annually since 2000. Last year 199 miners were killed, 133 of whom were gold miners.

The National Union of Mine Workers (NUM) reported that this year 226 miners were killed as of this past September.

The NUM announced the walkout in October, a week after 3,200 gold miners were trapped for more than 30 hours underground when the elevator broke at a mine 50 miles from Johannesburg. In response to the disaster, South African president Thabo Mbeki called for a safety audit of the country's mines.

The strike affected 60 companies at about 700 mines across the country. Gold Fields, the largest gold producer in South Africa, said that "just under 70 percent" of its workforce joined the strike. Company spokesman Andrew Davidson said that at the Kloof mine up to 94 percent of workers did not report for the morning shift. A miner at that mine was killed in a rock fall just two days after the strike.

South Africa has the world's deepest mines, with some reaching depths of well over two miles. In their competitive drive for the highest returns, mine companies continue to dig deeper and deeper for "precious" metals, making the mines more susceptible to rock falls and other dangers.

Matt Brenzel, an official of a major

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Washington state rally protests cop harassment of immigrants

BY EDWIN FRUIT

SEATTLE—Workers and other defenders of immigrant rights gathered November 26 outside city hall in Pacific, Washington, in the pouring rain to demand that the local police stop their constant harassment and arrests of foreign-born workers. Many of the 50 protesters then went into a city council meeting where this issue was being addressed.

Workers in the area told the *Militant* that cops in Pacific, a town 30 miles south of Seattle, are known for routinely stopping immigrant workers, asking about their legal status, and hauling them to an immigration jail if they don't answer to their satisfaction.

Two local groups, El Comité Pro Amnistía El Sur and the Auburn Jubilee Center of St. Matthew Episcopal church, have circulated a fact sheet giving examples of the police harassment in Pacific. In July, for example, a worker was pulled over for a traffic violation. The cop spotted in the car a flier from

Continued on page 9

Militant/Edwin Fruit

Immigrant workers and their supporters protest arrests and harassment in Pacific, Washington, November 26.

Also Inside:

As immigration rises, UK rulers debate policy

BY TONY HUNT

EDINBURGH, Scotland—A debate has broken out among ruling-class politicians in the United Kingdom in face of the growing number of immigrants entering the country.

According to *The Times* of London, foreign nationals now account for about 8 per cent of the 29.1 million people working in the United Kingdom. A government report in October stated that in the final quarter of 2006 four million people, or 12.5 percent of the working-age population, were born overseas, up from 7.4 percent a decade ago.

Influx from S. Asia, E. Europe

In 2006, according to government statistics, the largest number of new immigrants were from South Asia, mostly from Pakistan, Bangladesh, India, and Sri Lanka. In recent years large numbers have also arrived from eight Eastern European countries that joined the European Union (EU) in 2004, especially from Poland.

The immigrant workforce is not only concentrated in the major cities. A *Times* article in early November spotlighted the town of Boston in Lincolnshire, where the population has increased from around 56,000 in 2001 to 70–80,000 today. The immigrants there are listed as being mainly from Portugal, but also from Poland and other Eastern European countries.

Leaders of both the Labour Party and the Conservative Party argue that the immigrants are "stealing British jobs" and placing a strain on social services. With this chauvinist rhetoric they blame the foreign-born for the capitalist economic crisis here.

In August, Conservative leader David Cameron said immigration over the past decade had been "too high" and needed to be controlled because of the alleged pressures on hospitals and housing. Two months later he called for a "coherent population strategy" and said immigration should be "substantially lower," including by a reduction in the numbers of immigrants admitted from outside the EU. He pledged that a future Conservative government would establish a border police force with powers to track down and remove undocumented immigrants. Cameron said his views had nothing to do with "race."

Trevor Phillips, chair of the Equality and Human Rights Commission, applauded Cameron for "attempting to deracialise the issue of immigration and to treat it like any other question of political and economic management." Phillips, a Labour Party politician who is Black, has become a sharp critic of "multiculturalism."

Brown defends 'British jobs'

Meanwhile, Prime Minister Gordon Brown called for "British jobs for British workers" at the annual Trades Union Congress in September and made a similar statement at the Labour Party Conference later that month He also announced plans to require both skilled and unskilled immigrant workers to learn English.

In a debate in Parliament, Cameron attacked Brown's "British jobs for British workers" remark as contrary to EU law. He held up literature from two ultraright groups, the British National Party and the National Front, which have employed the same slogan. In the same debate, Labour member of Parliament Keith Vaz condemned Brown's comments as "employment apartheid."



Militant/Jonathan Silberman

Picket at London Heathrow airport of airline catering workers who struck in 2005. Immigration is changing the face of the working class in the United Kingdom.

On October 31 a new UK Borders Bill became law. It establishes compulsory identity cards for "foreign nationals" beginning in 2008 and grants the government expanded powers of detention and deportation.

On November 14, a unified UK Border Agency was announced, bringing together immigration cops, customs agents, and visa authorities under one command. Westminster also announced a £650 million [1 pound = $2.05] contract to develop a "passenger screening system" to be used along with fingerprint visas as part of a "electronic border security system," under which all foreign visitors will be checked against immigration, customs, and police watch lists. In October the government decided to maintain restrictions on workers from Bulgaria and Romania that limit them to work in certain seasonal jobs in agriculture and food processing. Workers from other Eastern European countries that have recently joined the European Union, such as Poland, are still allowed to work in the United Kingdom without restrictions.

Employers who rely heavily on their superexploitation of immigrant workers have opposed some of these measures. Some bosses attacked the decision on Bulgarian and Romanian workers, warning of labor shortages as the flow of workers from other Eastern European countries slows. The bus company First Group issued a statement saying that the decision "will have an impact on our ability to fulfill our vacancies in the future. . . . It is vital to maintain the supply of labor for the sustainability of a cost-effective public transport system."

An October 17 editorial in *The Times* argued that the United Kingdom "has benefited, and continues to benefit enormously, from immigration." The paper cited a government report that found that 17 percent of economic growth between 2004 and 2005 was due to immigration. "Many new arrivals have entered unfashionable sectors of employment," the editorial continued, "such as agricultural labor and social care, which have faced recruitment problems for decades. Their wages are modest but they are hardly a drain on the benefits system."

Nigel Hastilow, a Conservative parliamentary candidate for an area near Birmingham, resigned his candidacy November 4 after an uproar over comments he made to a local newspaper on immigration. Hastilow referred to Enoch Powell, who was fired as a Conservative spokesperson in 1968 for a speech in which he predicted "rivers of blood" if immigration was not controlled. Hastilow said Powell had claimed "uncontrolled immigration would change our country irrevocably. . . . He was right. It has changed dramatically."

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Referendum in Venezuela

Continued from front page

amendments. Among them was Raúl Baduel, a former commander in chief of the Venezuelan army who implied that the armed forces would split if the referendum passed.

While the opposition used the campaign to regroup their forces and test their strength against popular support for the Chávez government, they gained few new voters.

On the other hand, 40 percent of those who voted to reelect Chávez in presidential elections last January—about 3 million people—stayed away from the polls.

For example, in Petare, a working-class neighborhood in Caracas that has been a base of government support, 62 percent of voters opposed the referendum, while 38 percent voted in favor.

"I voted for Chávez last time but I will not vote at all on Sunday," garment worker Betty Rojas told the *Financial Times* before the elections. Rojas lives in La Pedrera, a working-class neighborhood in Caracas that was hit by landslides in November. She pointed to a slow government reaction to the destruction of homes there as part of the reason for her abstention.

Economic squeeze on working people

Venezuelan oil prices have risen seven-fold since 1998, when Chávez was first elected president. The government has used the revenues to fund social projects such as a literacy campaign that has taught more than a million workers and peasants to read and write; free clinics in working-class neighborhoods, staffed by volunteer Cuban doctors; and free, open universities in the former offices of the national oil company.

Such programs have increased working people's expectations. Popular mobilizations to expand access to land, housing, and jobs have exploded in recent years, heightening the political consciousness and confidence of the working class.

At the same time, Venezuela has the highest rate of inflation in Latin America today—21 percent since November 2006. Inflation of food prices over the same period is 29 percent. U.S. dollars trade at nearly three times the official exchange rate on a rampant black market. Shortages of milk, cooking oil, meat, and sugar are widespread. About 60 percent of items consumed in Venezuela are imported, a continuing result of imperialist underdevelopment.

"If this government cannot get me milk or asphalt for our roads, how is it going to give my mother a pension?" Ivonne Torrealba, a hairdresser in the working-class Caracas neighborhood of Coche, told the *New York Times*.

According to William Barreto, vice president of the Caracas Municipal Youth Institute, the shortages are a result of hoarding—often by officials in the military or government institutions. "There are many people who say they are with the revolution but they are motivated by personal gain," Barreto said in a December 10 telephone interview with the *Militant*. The government has passed antihoarding laws, but black market stands selling meat, sugar, and milk at several times the government-set prices are common throughout Caracas.

"There's a lot of unhappiness with the leadership of some mayors and ministries," said Barreto.

In a December 6 public appearance, Chávez blamed such discontent for the high abstention rate in the referendum. Former vice president José Vicente Rangel called for the government to carry out a "cleaning-up" of the bureaucracy.

Speaking of government supporters who didn't vote because they say they don't like the mayor or the governor, Chávez said, "Those are excuses of the weak, of the cowards, and of the lazy." He said, "They have a debt to me."

Government campaign

But discontent with local officials wasn't the only reason millions of working people stayed away from the polls.

"I abstained," said William Ilardo, a graphic designer, in a December 11 phone interview. "I didn't agree with all the reforms and I sincerely couldn't vote 'no' because that was what the opposition was calling for and I want nothing to do with them."

Ilardo said he was most opposed to a proposed amendment that would have eliminated presidential term limits. "The president can already rule by decree. That's enough." Even on articles such as the shorter workday, Ilardo said he wasn't convinced.

"I'm a worker, so of course I'd like a shorter workday," he said. "But why not reduce it by half an hour or an hour, with so many problems in the economy now?"



Militant/Olympia Newton

November 15 mobilization in Caracas urging a "yes" vote on constitutional referendum.

"I talked with my friends and relatives all over the country, and many of them didn't vote," said Ana Julia Zumlave, a peasant in the state of Cojedes, in a phone interview. "Many of them believed what the opposition was saying, that if the reform passed then Chávez was going to take away your children or your house." She said the government campaign for the referendum "should have communicated more with the public about what each of the articles meant."

Instead, the main campaign slogan was "SIgue con Chávez," a play on words that means "Yes, continue with Chávez." After weeks of opposition mobilizations, government supporters launched an educational campaign only in mid-November. Students and others stationed themselves at intersections, in parks, and other public areas to discuss the contents of the package with people.

"When we should have been on the offensive, explaining things, we were on the defensive," said Barreto.

"There wasn't enough time," said Zumlave. "I voted yes. But I didn't have time to read all the articles. The way I see it, the president has supported us, so we have to support him."

U.S.-Colombia 'free trade' pact would bolster U.S. influence in South America

BY RÓGER CALERO

The Bush administration is pressing for Congressional approval of a Free Trade Agreement (FTA) with Colombia to bolster the right-wing regime of president Alvaro Uribe. The FTA would at the same time open Colombia up to greater exploitation of its workers and peasants, as well as its resources, by U.S. companies.

"If the Congress does not pass the free trade agreement [with] Colombia it will be a destabilizing moment," said U.S. president George Bush December 4. The implementation of the agreement "can make a difference in South America, in terms of Venezuela and influence," he said. Uribe is Washington's closest ally in Latin America, and a vocal opponent of the government of Venezuela, whose president is Hugo Chávez.

With the help of Uribe's government, Washington has increased its military intervention in the region, under the cover of fighting "narcoterrorism." U.S. military aid to Bogota is today nearly six times higher than it was in 1997. This buildup is aimed at pressuring the Chávez regime and in anticipation of sharper resistance by workers and peasants in other parts of Latin America.

"The ratification of the [FTA] pact would send an unequivocal message to the people of Colombia, the opposition in Venezuela and the wider region that they do not stand alone against Chávez," said former defense secretary Donald Rumsfeld in a December 2 *Washington Post* opinion column.

The U.S. Senate approved a similar free trade agreement with Peru December 4. The vote was a defeat for the minority of Democrats in Congress who have opposed such trade deals on protectionist grounds.

"We are sending a strong signal to the world that the United States is regaining its bipartisan footing on trade policy and is a reliable ally to countries that are building political and economic freedom," said Susan Schwab, the administration's top trade representative, following the vote.

In the region, in addition to Mexico, Peru, and Colombia, the U.S. government has signed bilateral trade agreements with Chile, the Dominican Republic, El Salvador, Honduras, Guatemala, Nicaragua, and Panama.

As part of the U.S. rulers' efforts to strengthen ties with governments in the region, in early December, U.S. Senate Democratic majority leader Harry Reid led a bipartisan delegation that visited Paraguay, Mexico, Colombia, Guatemala, and the triborder area between Brazil, Paraguay, and Argentina.

Tensions between the Colombian and Venezuelan governments escalated late in November when Uribe withdrew his support for Chávez's mediating role with Colombian guerrillas. In return, Chávez announced that he was "freezing" trade relations with Colombia, for "as long as President Uribe is president of Colombia." He gave no specific details.

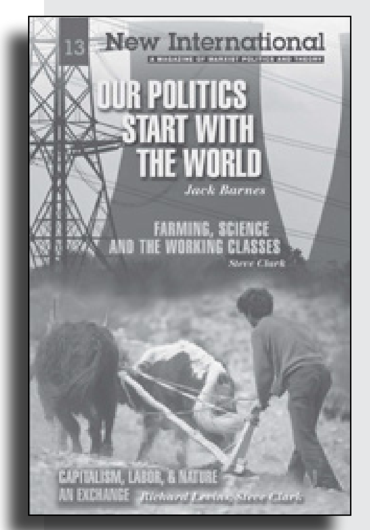
Colombian minister of industry and trade, Luis Plata, said, however, "suspending bilateral trade is not that simple."

Venezuela's oil-dependent economy needs to import basic staples, cars and automobile parts, as well as clothing and footwear. Purchases of Colombian products by Venezuela climbed from $923 million in 1999 to $2.75 billion in August 2007, according to Colombian government statistics.

New International no. 13

Our Politics Start with the World

By Jack Barnes



The huge economic and cultural inequalities between imperialist and semicolonial countries, and among classes within almost every country, are produced, reproduced, and accentuated by the workings of capitalism. For vanguard workers to build parties able to lead a successful revolutionary struggle for power in our countries, says Jack Barnes, our activity must be guided by a strategy to close this gap.

New International no. 13 also includes: "Farming, Science, and the Working Classes" by Steve Clark and "Capitalism, Labor, and Nature," an exchange between Richard Levins and Steve Clark. $14

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YS participates in classes on Burkina revolution

This column is written and edited by members of the Young Socialists, a revolutionary socialist youth organization. For more information contact the YS at 306 W. 37th St., 10th floor, New York, NY 10018; Tel.: (212) 629-6649; e-mail: youngsocialists@mac.com.

YOUNG SOCIALISTS IN ACTION

BY JENNY JOHNSON-BLANCHARD

NEW YORK—Around 40 people attended a two-day educational weekend here November 17–18 on the new edition of *Thomas Sankara Speaks: The Burkina Faso Revolution, 1983–1987*, published by Pathfinder Press. The weekend was sponsored by the New York Young Socialists and Socialist Workers Party.

Under the leadership of Sankara a popular and democratic revolutionary government was established in Burkina Faso in the 1980s, opening the door for the masses of peasants and workers in the country to begin to advance the fight against social, economic, environmental, and cultural devastation wrought by more than a century of imperialist domination.

The first class, on Saturday, November 17, was presented by Cindy Jaquith. She spoke about the character of the 1983–87 revolution in Burkina Faso as a democratic revolution, one that involved the masses of toilers to take into their own hands the transformation of society. She described the revolutionary leadership of Sankara, a world-class communist leader.

In the discussion after the presentation, several participants pointed to the internationalist character of the Burkinabè revolution, from its solidarity with those fighting against imperialism in Central America and the Caribbean, to its identification with the living example of the Cuban Revolution and its communist leadership.

That evening, many class participants attended a Militant Labor Forum here on "The October 1917 Russian Revolution: Its lessons for working people today," presented by Ma'mud Shirvani and Doug Nelson.

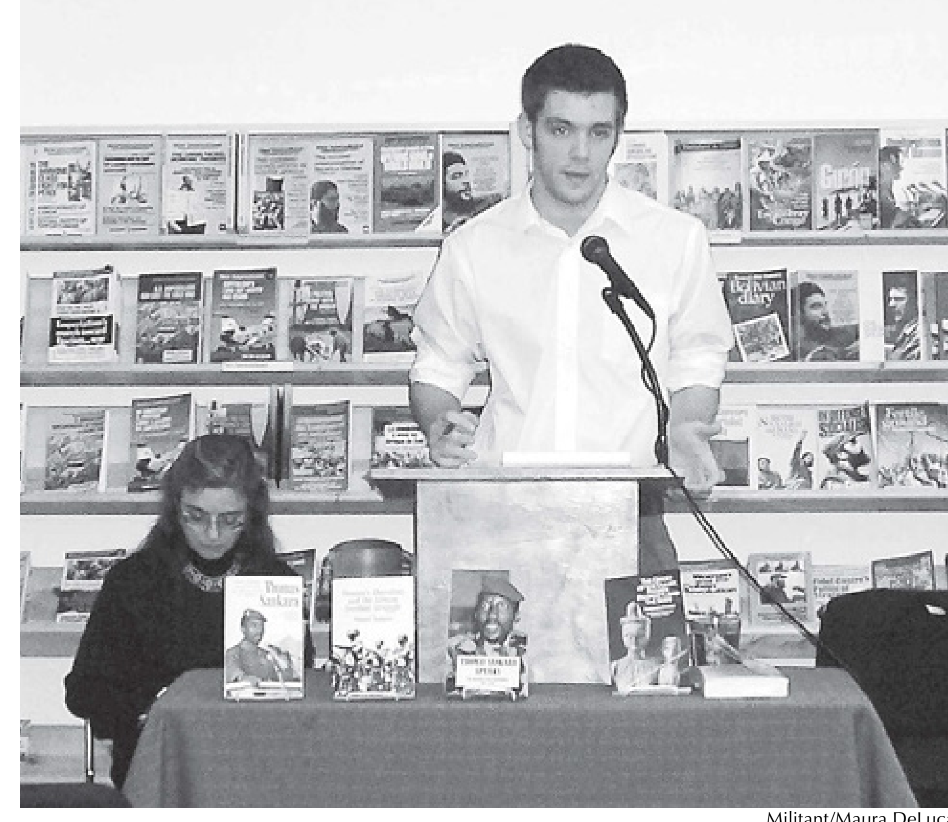
Continuing the class series on Sunday, November 18, was Ben Joyce, a Young Socialists member from Albany, New York. Joyce opened his presentation on how the revolutionary leadership in Burkina Faso mobilized millions of workers, peasants, and youth to fight to reverse the environmental devastation created by the long legacy of colonial and imperialist exploitation.

"Sankara explained that the battle against environmental degradation, not only in Africa, but the world over, is above all a political battle that must be waged by the toilers against the imperialist 'arsonists,'" said Joyce.

He pointed to the mass mobilizations of working people to sink wells, build dams, erect housing, and plant trees; all aimed at advancing the revolution through deepening the social and political consciousness of millions.

Joyce also spoke on the central place of the fight for women's emancipation in the revolution advanced by Sankara. "Sankara pointed to and reaffirmed [Frederick] Engels's explanation that the oppression of women was introduced with the advent of private property and the emergence of class society," said Joyce. "This scientific, Marxist understanding of the roots of women's oppression formed a basis for Sankara to forge a revolutionary program that could answer the question of 'What is to be done?'"

Several young people joined the educational program. Among them was Amadou, 20, a youth from Guinea studying in New York. He said he attended the educational weekend because he wanted to learn more about how Sankara took on the question of the environment. He described to other participants the impact of the Burkina Faso revolution on all of Africa and the relevance of its lessons for fighting imperialism today.



Militant/Maura DeLuca

Young Socialist Ben Joyce speaks in New York November 18 at class on speeches by Thomas Sankara, central leader of 1983–87 revolution in West African country of Burkina Faso.

Vancouver rally protests cop killing of Polish man

BY STEVE PENNER AND NED DMYTRYSHYN

VANCOUVER, British Columbia—More than 1,000 people rallied here November 24 to demand justice for Robert Dziekanski, a newly arrived immigrant from Poland who was killed October 14 by police at the Vancouver airport. Another 500 attended rallies in Toronto and in Victoria, British Columbia.

A video taken by Paul Pritchard, who witnessed the killing, showed that Dziekanski was shot at least twice by 50,000-volt Tasers, then jumped on by three Royal Canadian Mounted Police (RCMP). They held him face down with their knees on his chest and neck until he stopped breathing.

Dziekanski was attacked by the cops when he became agitated after being kept waiting 10 hours in the airport, unable to see his mother, who had arranged to meet him there. The video of the killing shows that Dziekanski neither resisted nor provoked police, contrary to cop claims. Seen around the world, the video has provoked outrage. The police initially tried to suppress the video given to them by Pritchard. They returned it only after he threatened court action.

The day of the rally, another man, 36-year-old Robert Knipstrom, was killed in Chilliwack, east of Vancouver. Cops attacked him with Tasers, batons, and pepper spray. In the past month two other men were killed by police Tasers in Quebec and Nova Scotia.

Rally speakers here, including Pritchard, noted that without his video the truth might never have been acknowledged by authorities.

"Police are supposed to serve and protect—not kill, lie, and cover it up," Sigmunt Riddle of the Canadian Civil Rights Movement told the crowd. Tanya Lukasiewicz, a nurse and one of the rally organizers, said, "Charges need to be laid against the RCMP."

A number of the demonstrators had themselves been attacked by cops. Kryzystof Kukulski, a 52-year-old painter, showed a *Militant* reporter a 2003 issue of the *Vancouver Province*. It contained stories about six cops who took three men to a secluded park and beat them, and about Kukulski's attempt to sue police for beating and bloodying him in another incident.

More than half of those at the rally were of Polish descent. Many immigrants from other countries were also present.

Sharon Wall, a Native woman, carried a sign referring to police as "Legalized criminals with legal weapons." She said a public inquiry recently began into the death of Frank Paul, a Native man who 10 years ago was dumped by cops in an alley "like garbage" and left to die.

The provincial government has announced a public inquiry into Dziekanski's killing, after initially rejecting demands for such a probe.

U.S. gov't pressures Iran

Continued from front page

during the 2010–2015 time frame."

At a news conference following the report's release, President George Bush made it clear that the U.S. drive to block a nuclear Iran would continue. "Look, Iran was dangerous, Iran is dangerous, and Iran will be dangerous, if they have the knowledge necessary to make a nuclear weapon," he said.

In October, Bush charged that Tehran's "aggressive pursuit of a military nuclear program" posed the danger of "World War III." The White House has consistently said it would not rule out the use of force to stop Iran's enrichment of uranium.

Tehran has replied that its nuclear program, including the enrichment of uranium, is aimed at peaceful development of the country's infrastructure. Iranian president Mahmoud Ahmadinejad said the NIE report vindicated his country.

According to the *New York Times*, Bush told reporters that in 2003 Washington was offering a let-up in sanctions and support in joining the World Trade Organization if Tehran gave up uranium enrichment. "What changed was the change of leadership in Iran," he said, referring to the 2005 election of Ahmadinejad as president. "We had a diplomatic track going, and Ahmadinejad came along and took a different tone."

U.S. secretary of state Condoleezza Rice said Washington would continue to press for more UN sanctions against Iran, despite the NIE findings. "We are going to continue our work on a UN Security Council resolution," Rice said while at a NATO meeting in Brussels.

The Security Council has already imposed sanctions on Iran twice. Belgian foreign minister Karel De Gucht said that European Union (EU) and NATO foreign ministers agreed at the Brussels gathering to continue pushing for sanctions to pressure Tehran to stop uranium enrichment. EU foreign policy chief Javier Solana reiterated this position, saying, "the EU position has not been changed and there is no question of it changing."

Russian foreign minister Sergei Lavrov met with Rice during the NATO meeting and later told the press that Russia favors a continuation of negotiations with Iran aimed at getting it to end the nuclear program. Agenzia Italia, the Italian news agency, reported that Russian president Vladimir Putin urged Iran to freeze all enrichment of uranium.

Israeli prime minister Ehud Olmert said the NIE would not alter his government's goal of ending Iran's nuclear program. U.S. Admiral Michael Mullin, head of the U.S. joint chiefs of staff, flew to Tel Aviv to meet with Israeli officials about Iran's nuclear program following the report's release.

Meanwhile, Democratic rivals of presidential contender Sen. Hillary Clinton sought to capitalize on the NIE to attack her for voting to label the Iranian Revolutionary Guard Corps, a branch of the Iranian military, a terrorist organization.

Clinton was one of 29 Democrats to vote in favor of the non-binding Senate resolution passed 76–22 in September. Clinton defended her vote and said she favored "aggressive diplomacy."

ON THE PICKET LINE

Russian auto workers continue strike against Ford

December 7—Members of the Inter-Region Union of Automotive Workers, which represents workers at Ford's auto assembly plant in Vsevolozhsk, Russia, have been on strike since November 22. The company is using non-union workers to continue production of the Ford Focus at one-third the normal level.

The workers are demanding a 40 percent wage increase, shorter night shifts, a formula for indexing wages to inflation, and triple pay for overtime. According to a column in the *Moscow Times* online, the Ford strike is "the first open-ended strike in Russia since President Vladimir Putin came to office in 2000." The article explained that most strikes face legal injunctions and unionists face reprisals if they continue to withhold their labor beyond one day.

—Paul Pederson

Workers at Vietnam Nike plant strike, win pay raise

Some 14,000 workers at a plant that makes Nike sneakers near Ho Chi Minh City in Vietnam won a wage increase December 3 after a five-day strike. According to BBC News, the workers were demanding increased wages, bonuses, and a cost of living allowance. The average monthly salary is $62.

The workers reportedly won a monthly wage increase of $4.50 and improved food at the factory cafeteria. The plant, owned by a South Korean firm that contracts for Nike, produces 10 percent of the 75 million pairs of Nike sneakers made in Vietnam each year.

—Paul Pederson



Reuters/Alexander Demianchuk

Auto workers at Ford assembly plant in Vsevolozhsk, Russia, speak to reporters February 14 during one-day strike. The workers returned to the picket lines again November 22 to press demands for shorter hours and higher wages.

Australia: new Labor gov't to continue antiworker assault

BY RON POULSEN

SYDNEY, Australia—The governing coalition of the Liberal and National parties led by John Howard was defeated in federal elections here November 24 by the Australian Labor Party (ALP). Kevin Rudd, the incoming Labor prime minister, took office with at least an 18-seat majority in the 150-seat House of Representatives.

After the polls, the November 26 *Australian*, a big-business daily, noted in an editorial that "there are few deep disagreements on direction at the national level between the new government and its conservative opponents." The procapitalist Labor Party received more widespread endorsements from the bourgeois press than in past elections, a reflection of its continued rightward shift.

The Howard government spearheaded the anti-working-class offensive of the Australian ruling class since 1996. It presided over a period of relatively low unemployment and a resources export boom. After its electoral losses, including Howard's loss of his House of Representatives seat in north Sydney, the leadership of the two conservative parties was left in disarray.

Labor Party leaders have steadily distanced the party from links to the unions, its traditional base of support. At the same time, several ALP ministers are former high-ranking union officials.

The central issue in the elections was the government's sweeping anti-union laws, known as WorkChoices. Since their adoption in 2005, these measures have met with widespread working-class opposition, including a nationwide union campaign of meetings, rallies, and marches.

The ALP voiced opposition to WorkChoices, raising expectations among working people. Now Labor leaders say they plan to get rid of a few of the laws while maintaining others. Among those Labor says they plan to abolish are the Australian Workplace Agreements, which are labor contracts with individual employees. Their plan is to do this over a five-year period as the contracts expire.

Labor to maintain antiunion laws

Incoming deputy prime minister Julia Gillard said the new laws would be drafted in a "careful and measured way." She indicated that Labor will keep restrictive measures against unions and strikes, but would move to reinstate "unfair dismissal" laws.

Rudd's first act as prime minister was to ratify the 1997 Kyoto protocols on climate change. This will open up access for Australian corporations to multibillion-dollar futures trading in carbon emission credits.

ALP leaders indicated that, with some adjustments, they will continue the previous government's takeover of Aboriginal communities in Australia's Northern Territory (see front-page article in last week's issue). They have also pledged to maintain a tough stance on "border security" and other attacks on workers' rights in the name of fighting "terrorism."

In consultation with Washington, Rudd has announced a phased withdrawal of 550 combat troops from southern Iraq. More than 1,000 Australian military personnel will remain, as part of a military contingent in Baghdad and patrolling warships and aircraft in the Arab-Persian Gulf.

Rudd has said he will continue, and may boost, Canberra's commitment of 1,000 military personnel to the imperialist war in Afghanistan. He has ruled out cuts in military spending.

In a visit here the first week of December, U.S. undersecretary of state Nicholas Burns said close collaboration with the Australian government, "one of our most important allies worldwide," would continue, including in Iraq. He praised Labor's "renewed commitment" to the U.S.-led coalition in Afghanistan.



Australian Department of Defense

U.S. and Australian troops fight in southern Afghanistan in September. New Labor Party government in Australia has pledged to maintain or increase troops there.

25, 50, AND 75 YEARS AGO

25 CENTS
THE MILITANT
A SOCIALIST NEWSWEEKLY/PUBLISHED IN THE INTERESTS OF THE WORKING PEOPLE

December 24, 1982

DETROIT, Dec. 14—"We were forced to be the first with concessions," a Canadian Chrysler striker said December 10, "and now we're the first to put a stop to this mess."

After three years of taking it in the chin, Canadian and U.S. Chrysler workers have won an important victory in their ongoing battle to win a decent, livable wage.

Canadian United Auto Workers (UAW) members ratified a new contract with Chrysler by 90 percent on December 11 and 12, ending their five-week strike. U.S. Chrysler locals vote December 17. Of the 140 UAW local presidents who met in Dearborn, Michigan, December 11, only three thought their members would not ratify it.

After facing enormous pressure from Chrysler and the U.S. and Canadian governments, along with pressure form the top union leadership, the five-week militant struggle forced Chrysler to grant a wage increase it said it could not afford.

THE MILITANT
PUBLISHED IN THE INTERESTS OF THE WORKING PEOPLE
NEW YORK, N.Y. FIVE (5) CENTS

December 23, 1957

Dec. 19—The Indonesian Army last week took over control of virtually all Dutch-owned properties in the country. Many of these had been seized by the workers in the course of a campaign against Dutch imperialism that began Dec. 3.

The Army chief of staff, Abdul Haris Nasutoin, has ordered all army commanders throughout the country to place Dutch enterprise under their management. At the same time he has forbidden the workers from carrying through any further seizures.

The Indonesian capitalist class, whose interest the government represents, wants to weaken Dutch imperialism's hold on the economy and gain a greater share for itself.

But Indonesian capitalists fear the workers carrying through the seizures, because whenever this happened in the past two weeks the workers established control over the Dutch holding. This is a revolutionary step in the direction of eliminating capitalist ownership altogether.

THE MILITANT
Weekly Organ of the Communist League of America [Opposition]

December 31, 1932

The attempt to seize the mule and cow of a Negro share-cropper in Notasulga, Tallapoosa County, Alabama, and the armed conflict between the harassed croppers and the legally armed mob that attacked them, brings to the forefront all the horrors and misery of the Negro throughout the notorious "Black Belt" in the South. As was the case in the Camp Hill, Alabama, affair a year and a half ago, the attack was courageously resisted by the assembled Negroes, who were finally compelled to submit in the presence of an overwhelming hostile force recruited from the entire county for miles around and even outside the county limits.

Ever since the end of the Civil War, the bourgeoisie of the South has put at the very spearhead of its policy the determination to keep the Negro submerged as far as possible, to inculcate in him the spirit of subserviency and non-resistance, to impress him with the absurd, unfounded, reactionary theory of "Negro inferiority."

How Chinese working people overthrew capitalism

**BY BEN O'SHAUGHNESSY
AND CINDY JAQUITH**

(*Second in a series*)

The 1949 revolution in China freed one-fifth of humanity from the grip of imperialism. It ended the tyranny of the big landowners and warlords in the countryside, unified the nation, and laid the basis for the expropriation of the industrial capitalist class in the cities in the succeeding years. It marked the most important victory for workers and farmers on a world scale since the 1917 Russian Revolution.

This is the second article in a series outlining developments in the class struggle in China and its place in the world, from the Chinese revolution of 1911 to today. The first article (see the December 10 *Militant*) focused on the Chinese revolution of 1925–27. That revolution was defeated because of the class-collaborationist course adopted by the Chinese Communist Party (CCP) at the insistence of the Communist International under the bureaucratic misleadership of Joseph Stalin.



Workers pour into the streets of Canton (today Guangzhou) in 1949 to greet the People's Liberation Army when it toppled the capitalist Kuomintang government.

The young CCP, founded in 1921, had originally been inspired by the revolutionary course of the Bolsheviks under the leadership of V.I. Lenin, which was reversed with the rise of a privileged, bureaucratic social caste in the Soviet Union.

As the Chinese revolution unfolded, with massive peasant movements in the countryside pressing for land, and working-class uprisings in the cities, the CCP told revolutionary-minded workers to look to the Kuomintang, the bourgeois nationalist party in China, for leadership in the battle to free China from imperialist plunder and local feudal oppressors. Tens of thousands of workers paid with their lives for the disaster that followed.

Kuomintang troops, led by Gen. Chiang Kai-shek, attacked the Communist Party forces, who were both politically and physically disarmed, in city after city, forcing them to retreat to the countryside in late 1927.

The CCP regrouped its forces, abandoned its line of political support to the Kuomintang, and opened guerrilla warfare against Chiang Kai-shek's troops. Mao Zedong emerged as the commander of the CCP forces, known then as the Red Army. The army established a base in Jiangxi province in central-east China and quickly gained support from the local peasantry.

Japanese imperialists invade China

In 1931, imperialist Japan invaded the Chinese province of Manchuria in the north and established a puppet regime. The bourgeois Kuomintang was unwilling to put up an effective fight against the invasion. It was focused on fighting the CCP. The Red Army, on the other hand, did carry out armed resistance to the Japanese invaders. As the only political force in China organizing to repel the Japanese, it won support among workers, peasants, and students.

The Mao-led forces remained in the countryside, largely isolated from the working class in the urban centers, however. By 1934 the Kuomintang surrounded the CCP base in Jiangxi and forced the Red Army into a retreat, mostly on foot, in what became known as the "Long March" to Yenan in northern China. By the time the combatants arrived there in 1935, their army of nearly 90,000 soldiers had been reduced to 20,000.

By 1936 the Japanese forces had occupied most coastal areas of China and began to expand their offensive into the mainland. Working people in both city and countryside increasingly turned against the Kuomintang for its refusal to lead a fight against the imperialist aggressors.

Just at this time, the Stalinized Communist International dictated to the CCP and other Communist parties around the world another 180-degree turn in political line. They were to enter into an alliance with the so-called progressive bourgeoisie in their country to defeat the mounting fascist threat. Mao dutifully sought to rebuild an alliance with Chiang.

In September 1937 the Central Committee of the CCP issued a manifesto laying out the terms under which it would enter an alliance with the Kuomintang. The party adopted the Kuomintang program, which defended the property rights of capitalists and agreed to abandon the fight for land reform, abolish the soviets (workers and peasant councils) it had established in liberated areas, and dissolve the Red Army into the Kuomintang's National Revolutionary Army. The CCP remained subordinated to the Kuomintang throughout World War II, accepting Chiang Kai-shek's treacherous leadership of the war effort.

With the 1945 defeat of Tokyo in the world imperialist war, Chiang was determined to resume the civil war against the CCP. The Kuomintang carried out forced conscription of peasants into the army and demanded they provide food to its soldiers, fueling revolts in the countryside. Students organized demonstrations against the Kuomintang tyranny. Inflation soared, provoking strikes by workers. But the Mao-led CCP did not encourage the working class to enter the struggle. Workers in the cities were counseled to wait for their "liberation" by the People's Liberation Army (PLA), the successor to the Red Army.

In line with the class-collaborationist course Stalin had promised the U.S. and European imperialists after the war, Mao proposed the CCP enter a capitalist coalition government with the Kuomintang. The Communist Party offered major concessions to the Kuomintang, conceding eight of its "liberated areas" and agreeing to delay expropriation of the landlords indefinitely. But Chiang vetoed the idea and demanded the CCP's total surrender, despite efforts by the U.S. government to broker a deal.

Washington's role

Washington had had its eyes on China since before the war. It had heavily armed Chiang's army in the hopes it could defeat the PLA. The U.S. rulers had also planned to use GIs stationed in the Pacific to intervene in China to end the civil war in Chiang's favor. But it was unable to carry out this plan when U.S. troops, the majority of them workers and farmers, began to rebel in late 1945 against an extension of their tour of duty and organized huge demonstrations, demanding to be sent home immediately. (For more about this, see the article "1945: When U.S. troops said 'No!'" by Mary-Alice Waters in *New International* No. 7.)

To buy time, the U.S. imperialists tried to convince Chiang to accept the coalition government offered by the CCP. The dictator steadfastly refused, even as his regime was crumbling.

Mao did not abandon his goal of a coalition regime with Chiang until 1947, with the beginning of the Cold War and renewed attacks by Chiang's army. In October 1947 the PLA issued a manifesto advocating the overthrow of the Kuomintang, the expropriation of the large landlords, and the building of a "New China."

The call for land reform galvanized millions of peasants who began mobilizing against the landlords and their allies. The PLA took control of city after city as the peasants in the Kuomintang's army refused to fight. Chiang's hated regime quickly fell apart.

In October 1949 the PLA marched into Nanjing, marking their definitive triumph over the Kuomintang. Chiang and his forces fled to Taiwan and set up a capitalist regime there.

These revolutionary developments had deep support in the working class. But Mao refused to mobilize workers in the cities, even as the PLA marched into the industrial centers. When the revolution triumphed, the peasant army was used in some cases to suppress workers' strikes.

Workers and peasants government

The revolution put in power a workers and peasants government, one independent of the bourgeoisie. The Chinese capitalists had lost political power, while capitalist economic relations continued to hold sway. The CCP initiated a major land reform, but promised the industrial bourgeoisie that their factories would remain in private hands. Holdovers from the Chiang regime remained in the state bureaucracy.

Washington had no intention of allowing the Chinese revolution to succeed, and it was worried about revolutionary developments in the Korean peninsula. In 1950 U.S. troops invaded Korea to halt the spread of socialist revolution. They moved quickly toward China's border. Threatened by this assault, China entered the war on insurgent Korea's side on Nov. 25, 1950. Millions of Chinese peasant and worker soldiers mobilized to push the imperialist troops back from the border and out of the Korean peninsula. Washington retaliated with a blockade and the freezing of China's assets in U.S. banks.

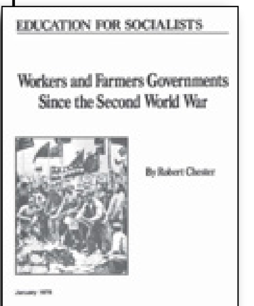
As the Chinese masses began to mobilize to defend their revolution, the government felt compelled to reinitiate land reform in the countryside. Peasant committees arose that began putting big landowners on trial and punishing criminals from the old capitalist regime. The effort to sweep out counterrevolutionary and bourgeois forces spread to the cities, as thousands of large business owners were tried for theft and corruption and crooked officials in the state apparatus were ousted.

By October 1952, some 80 percent of heavy industry and 40 percent of light industry were nationalized. Ninety percent of banking and trade were also brought under control of the state. A monopoly of foreign trade was established. China had overturned capitalism and become a workers state.

Due to its Stalinist leadership, the workers state was bureaucratically deformed from the beginning. This would mark both its domestic and its foreign policy in the decades to come. That will be the subject of the last article in this series.

For Further Reading

Workers and Farmers Governments Since the Second World War



By Robert Chester

Articles on the governments that came to power in the revolutions in Yugoslavia, China, Cuba, and Algeria. Such workers and farmers regimes, writes Joseph Hansen in his preface, are examples of "the first form of government that can be expected to appear as the result of a successful anticapitalist revolution." —$6

1945: When U.S. Troops Said 'No!'

By Mary-Alice Waters

The hidden history of the GI revolt at the end of World War II, when U.S. troops refused to allow themselves to be used to crush spreading anticolonial struggles. In 'New International' number 7. —$14

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What drives capitalism's long-term economic crisis?

Below we reprint an excerpt from Capitalism's World Disorder *by Jack Barnes. The item is from the chapter, "So Far From God, So Close to Orange County: The Deflationary Drag of Finance Capital."*

On Dec. 6, 1994, Orange County, California, filed for bankruptcy. The managers of the county's investment fund had borrowed heavily and purchased highly leveraged securities called derivatives that simply bet on a continuing drop in interest rates. The county lost almost $2 billion when the gamble failed, as short-term interest rates began rising in early 1994.

from the pages of Capitalism's World Disorder

The report printed below is based on a talk at a regional socialist educational conference held in Los Angeles over the 1994–95 New Year's weekend. The report was subsequently adopted by the Socialist Workers Party 38th constitutional convention, held in July 1995. Copyright © 1999 Pathfinder Press. Reprinted by permission.



BY JACK BARNES

The world capitalist economy has entered a long-term deflationary crisis, a contraction that cannot be fundamentally reversed by the ups and downs of the business cycle. With their profit rates under long-term pressure, the capitalists are in their "lean and mean" period, their "just-on-time" period, their "downsizing," "computerizing," and "de-layering" period. They are laying off workers and other employees, speeding up production, and raking in short-term cash in the bargain.

But the one thing the capitalists are not doing, and are incapable of doing, is expanding productive capacity to anywhere near the degree they need to fuel another gigantic boom, set industrial profit rates on a long-term upward course, and accelerate capital accumulation. Even as capitalists temporarily boost their returns by cutting costs and taking a bigger slice of market share away from their rivals, the long-run profit expectations of capital are such that they are still not investing in new plant and equipment that draws more and more workers into expanded production.

The money that *is* going into new equipment goes largely into ways to make us work faster to produce more with fewer coworkers. That does not expand productive capacity, however. It intensifies speedup and extends the workweek. But that alone does not create the basis for the rising profit rates and capital accumulation that marked the post–World War II capitalist boom until it began running out of steam by the early 1970s.

In fact, instead of issuing stock to finance expansion—the classic source of "capital formation" extolled in standard economics textbooks—U.S. corporations for most of the 1980s and 1990s have actually bought more previously offered stock from each other than they have issued in new shares. Capitalists have also issued large quantities of high-interest corporate bonds—gone deep into debt, in other words—to finance takeovers and buyouts.

So, the world's propertied families have been fighting among themselves more and more to use credit to corner a bigger cut of the surplus value they collectively squeeze from working people. They have been blowing up great balloons of debt. But ever since the 1987 stock market panic, and at an accelerated pace since the onset of world depression conditions at the opening of the 1990s, the capitalists have been plagued by the problem that first one balloon, then another, and then yet another begins to deflate. And they have no way of knowing which balloon will go next until they start hearing the "whoosh," and by then it is often too late.

All of us were children once and have blown up balloons. They can expand very slowly, very gradually. But then try to let the air out. That is harder to control. Remember? The balloons can get away and ricochet all over the room.



Corbis/James Leynse

Trading floor of New York Stock Exchange. "Instead of issuing stock to finance expansion," Barnes says, "U.S. corporations for most of the 1980s and 1990s have actually bought more previously offered stock from each other than they have issued new shares."

With returns on investments in capacity-expanding plant and equipment under pressure since the mid-1970s, owners of capital have not only been cost cutting; the holders of paper have been borrowing larger and larger amounts to buy and sell various forms of paper securities at a profit. They blew up a giant balloon of debt in Orange County over a period of years; the bondholders thought they had died and gone to heaven. Then the balloon began to deflate, as they learned the hard way that interest rates go up as well as down. When the balloon international bankers had inflated in Mexico in the 1980s began to collapse, the bondholders stepped in and blew it back up for a while. But in Orange County, the more local officials borrowed to make a killing using public funds to gamble with bond merchants, the greater their vulnerability became. Earlier this year, when rates started rising and low-interest bond issues were suddenly no longer available, the moment of truth arrived.

Now the capitalists and their public representatives—and not just in Mexico or Orange County—have been given another warning of the long-run possibilities of an uncontrollable deflation.

Over the past couple of decades, upturns in the business cycle have relied on floating large amounts of fictitious capital—ballooning debt and other paper values. The capitalists are now paying the piper for the lack of sufficient economic growth during that period to keep rolling over the loans.

The financial press has a term for this explosive process; they call it "deleveraging." Among other things, this means we will be seeing more breakdowns like the bankruptcy in public "trust funds" in Orange County. Now I will admit, if you had asked me which of the thousands of local and state administrations was most likely to go belly up, I would have been hard put to guess Orange County. The spiritual home of Ronald Reagan and site of John Wayne Airport, Orange County has a median income in the top 2 percent of households in the United States.

Remember those pieces of paper with the cute names we mentioned in "What the 1987 Stock Market Crash Foretold"[1]—the Fannie Maes, Ginnie Maes, Farmer Macs? They are interest-bearing securities supposedly guaranteed by quasi-government agencies that buy up mortgages and second mortgages on homes and farmland. It was these bits of paper—cut apart, repackaged, and jazzed up as roulette chips labeled "derivatives"—whose declining prices imploded on Orange County and got it in such a jam.

Wall Street has already offered up Orange County's treasurer as a scapegoat. But their bottom line is going to be that it is working people like us who are really to blame. If we would accept fewer schools and hospitals, if we would agree to pay higher tuition, if we would demand less public transportation, if "illegals" could be kept off the public rolls, then there would not be so much pressure on poor fund managers to pour billions into high-risk investments. And public workers are already the first to suffer layoffs in Orange County.

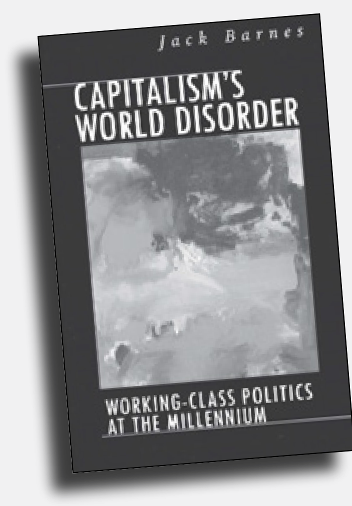
Municipal bonds, together with U.S. Treasury bills, are the prerogative of the very rich. Ross Perot, for instance, is one of the biggest individual holders of municipal bonds in the United States. And written on each and every one of these pieces of paper are the words "Full faith and credit." That means the only collateral they are ultimately backed up by is the "full faith and credit" of the government or agency that issued them. The "faith" derives from the guarantee to the wealthy bondholders that they are *always* at the head of the line to be paid out of taxes and other revenues. First comes the interest—then, if there is anything left, the schools, roads, hospitals, and payroll. It is never the other way around.

No cuts! That is the bondholders' slogan too!

And since governments produce no wealth, *we* are the ones the debtors come to in order to demonstrate their "full faith and credit." The blood money is squeezed from us.

1. This resolution, adopted by the 1988 convention of the Socialist Workers Party, is available in issue no. 10 (1994) of *New International,* a magazine of Marxist politics and theory.





Capitalism's World Disorder by Jack Barnes

The social devastation and financial panic, the coarsening of politics, the cop brutality and acts of imperialist aggression accelerating around us — all are the product not of something gone wrong but of the lawful workings of capitalism. Yet the future can be changed by the united struggle and selfless action of workers and farmers conscious of their power to transform the world.

$24



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New International no. 10 featuring the articles **Imperialism's march toward fascism and war & What the 1987 stock market crash foretold $16**

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San Francisco panel discusses Chinese diaspora in Americas

BY LEA SHERMAN AND EDDIE BECK

SAN FRANCISCO—"China and the Diaspora: The United States and Beyond" was the topic addressed by a diverse and interesting panel of speakers at San Francisco State University here November 28.

More than 60 attended the next to last session of the class and public lecture series on "China Rising and the World," sponsored by the College of Behavioral and Social Sciences. The purpose of the 15-week program was "to examine the economic, social, political, and cultural changes taking place in contemporary China," and the broad international implications of these developments.

The panel included three San Francisco State University faculty members: Marlon Hom, chair of the Asian American Studies department; David Lee of the political science department; Bernard Wong of the anthropology department; and Mary-Alice Waters, president of Pathfinder Press.

In a series of drawings reproduced primarily from issues of *Harper's Weekly* published between the 1860s and the 1890s, Hom documented the racist portrayal of Chinese immigrants in the United States, the discrimination they faced, and the exclusion laws and other measures that barred them from jobs, housing, citizenship, property ownership, and more.

Wong explained that substantial Chinese emigration began in the late 1840s due to severe economic pressure following China's defeat in the British-instigated Opium Wars.

He contrasted conditions that Chinese faced in the United States compared to Peru. In the United States, he noted, exclusion laws and other legal measures against Chinese had a long-lasting effect, while in Peru, by the early 1970s, the Chinese who had arrived in large numbers in the 19th and 20th centuries had been largely assimilated. "The factors that affect integration emanate not from the ethnic group, but from the larger society," he pointed out.

In her presentation on Chinese immigration in Cuba, Waters centered on the book *Our History Is Still Being Written: The Story of Three Chinese-Cuban Generals in the Cuban Revolution*, of which she is the editor.

The book chronicles the little-known facts about the significance and historical weight of Chinese immigration to Cuba from the 1840s on, and the role of Cuba's large population of Chinese contract laborers in the wars for independence from Spain and the abolition of slavery and indentured servitude. Through the lives of three Chinese Cubans—Armando Choy, Gustavo Chui, and Moisés Sío Wong—the book provides an introduction to the Cuban Revolution that triumphed in 1959. As youth, coming from different social backgrounds and areas of the country, the three joined the revolutionary struggle against the U.S.-backed Batista dictatorship in the 1950s.

"They refused to accept the brutalities and indignities of life under a hated military tyranny, took up arms, and joined with others to overthrow it, and against all odds triumphed," she said. They didn't start off as socialists, Waters noted. "They simply wanted a society with a greater degree of social justice—they wanted to reduce the gap between the obscenely rich and the desperately poor." All three, who rose to be generals in Cuba's Revolutionary Armed Forces, continue to shoulder major responsibilities in Cuba today.

Explaining the broad integration of Cubans of Chinese ancestry on all levels of Cuban society today, Waters quoted Sío Wong's observation that the greatest measure taken against discrimination was the socialist revolution itself. "Above all, it eliminated the property relations that create not only economic but also social inequality between rich and poor."

David Lee, executive director of the Chinese American Voters Education Committee in San Francisco, spoke about the demographics of the city, whose population, he said, is 30 percent Chinese but whose voting rolls are only 18 percent Chinese. The purpose of the committee, he explained, is to "educate those who may be resistant to register and turn them out to vote."

Following the panel presentations, numerous participants stayed to continue the wide-ranging discussions informally.

Japanese Americans

Earlier in the day, Waters accepted the invitation of Professor Wesley Ueunten to speak about the Cuban Revolution and the example of the three Chinese Cuban generals to two of his classes at San Francisco State University. The first class, "Asians in America," was attended by more than 100 students.

About 50 took part in the second class "Japanese American Personality," where Waters was joined by Patti Iiyama, who spoke about her experience as a Japanese American student in the 1960s radicalizing under the impact of the mass movement for Black rights, and the victory of the Cuban Revolution. She described how she, along with millions of others, organized against the U.S. war in Vietnam, and participated in the farm workers' fight for unionization and the fight for ethnic studies at universities like San Francisco State.

Waters told the students at both classes "that the unexpectedly wide response to *Our History Is Still Being Written* has to do with what's happening in the world today, with the new waves of immigration, the struggles by working people for rights and dignity, and the pride and interest in learning our own history. Working people are standing up and resisting."

New Zealand: Maori protest 'terror' frame-up



Militant/Mike Tucker

AUCKLAND, New Zealand—Several hundred people marched here December 1 and rallied outside the central police station to protest against police spying and raids carried out against Maori rights supporters, political activists, and others under "anti-terrorism" legislation. The spirited protest was led by a large delegation of Maori of the Tuhoe tribe who had traveled from the Ruatoki area. They were the focus of an armed police lockdown during October 15 "antiterror" raids.

Sixteen of those arrested in the raids were before court in Auckland December 3. They face firearms charges after the solicitor general ruled November 8 that he would not authorize charges under the 2002 Terrorism Suppression Act. Their cases were remanded to March 5. The police have yet to reveal most of their alleged evidence. About 40 Tuhoe and supporters protested outside the court throughout the hearings.

—MIKE TUCKER

South Africa mine strike

Continued from front page

South African asset management firm, voiced bosses' concern that increased attention on safety will cut into production. "You are going to spend more time ensuring safety and you won't be able to haul out as much," he told *Bloomberg News*.

"If the big companies do not do anything to improve safety, we will be back on the streets again, we will stop the mines with a two- or three-month strike," declared NUM national spokesperson Lesiba Seshoka.

South Africa is the world's largest producer of gold, platinum, vanadium, manganese, and chromium. It is also among the top producers of coal, diamonds, iron ore, nickel, and uranium, and is the largest supplier of coal to Europe. The nationwide strike affected the price of platinum; three quarters of the world's supply comes from South Africa.

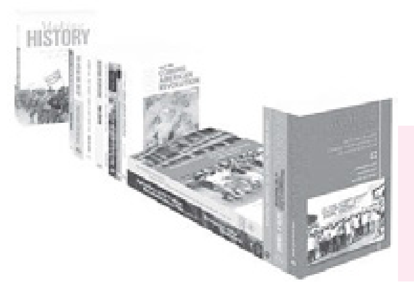
The NUM is the largest union in South Africa. It represents about half the country's 460,000 miners, 72 percent of whom work in platinum and gold mines.

The union reported receiving solidarity from unions across the country as well as from Namibia, Canada, Australia, Germany, and Belgium.

In August a miners' strike won wages increases of up to 10 percent. The average miner makes between $365 and $511 per week. The last national miners' strike took place in 1987, when about 300,000 miners demanded a 30 percent wage increase.

In 2000 South African unions carried out a general strike in which 4 million workers walked out to protest high unemployment. Today joblessness in the country is more than 25 percent.

Part of 18-title series...



Our History is still being written

THE STORY OF THREE CHINESE-CUBAN GENERALS IN THE CUBAN REVOLUTION

ARMANDO CHOY ✦ GUSTAVO CHUI ✦ MOISÉS SÍO WONG

The story of three young rebels of Chinese-Cuban ancestry who threw themselves into the 1956–58 revolutionary war that brought down a U.S.-backed dictatorship and opened the door to the socialist revolution in the Americas.

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All 18 books are available from distributors listed on page 10, or at...

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Chinese in N.Y. mark 1937 Nanjing massacre by Tokyo

BY CINDY JAQUITH

NEW YORK—A protest consisting of a photo exhibit and speakers was held in Union Square here December 9 to demand that the Japanese government issue an official apology for atrocities committed during the 1937 invasion of the Chinese city of Nanjing (Nanking). Organized by the Nanking Massacre 1937 Memorial Foundation, it drew hundreds of people.

On Dec. 13, 1937, Japanese imperialist troops entered Nanjing, China's capital at the time. Over the following weeks they slaughtered as many as 300,000 people. Many thousands of women and girls were raped by the troops. Some women were forced into sexual slavery, becoming "comfort women" for the occupiers. The Japanese government has never apologized for the massacre and some government figures in Tokyo dismiss the events as exaggerated.

The sponsoring group said in a statement, "Regardless of religion and belief, nationality and ethnicity, we aim to pressure the current Japanese Government and People to confess their brutal crimes in the past and to admit to coercing women into sexual slavery as so-called 'Comfort Women' in the Second Sino-Japanese War." It said they aimed "to rise up the Asian voice about the unforgettable history of World War II."

The U.S. government took advantage of the massacre to help justify going to war with Japan, the main U.S. rival in the imperialist conflict over who would control China and the Pacific. During the war, U.S. forces carried out their own atrocities when they firebombed Tokyo and other Japanese cities and dropped atomic bombs on Hiroshima and Nagasaki, killing hundreds of thousands.

The December 9 protest here marked the 70th anniversary of Nanjing Massacre. Photographs of the atrocities committed by Japanese imperialism were on exhibit. Chinese speakers gave oral histories, translated into English, of what they had learned about the massacre from their parents and grandparents. Japanese were also invited to speak. One speaker encouraged those in attendance to join the annual protests against the U.S. bombing of Hiroshima and Nagasaki in August. Literature was available in Chinese, Japanese, English, and Spanish. More information is available at the website www.1937nanjing.org.

Ontario rally demands improved health care



Sami Siva

BRAMPTON, Ontario—More than 1,000 people, mostly Punjabi Sikh immigrants, demonstrated here December 9 demanding improved health care at the local hospital. The protest, organized by Bramptonians for Better Health Care, came after two deaths at the Brampton Civic Hospital in less than a month that protesters say were preventable. This hospital is the first so-called P3—public-private partnership—hospital in Ontario. A private consortium, the Healthcare Infrastructure Company of Canada, is involved in running the hospital. The organizers listed their demands on flyers distributed at the rally. They included: reducing the wait times in emergency care, operating the hospital at its full capacity of 608 beds immediately, and eliminating staff shortages and improving medical care and services.

—JOE YOUNG

Gov't home loan 'aid' plan protects banks

Continued from front page

investment fund, prompting Florida officials to temporarily freeze the $14 billion fund.

Other states also face problems with funds invested in securities known as "structured investment vehicles" (SIVs). The SIVs, composed of bundles of subprime mortgage debt, were given misleadingly high ratings by Wall Street rating agencies and sold to investors around the world.

During the recent housing boom, lenders lured many working people, previously denied credit, into buying homes with "subprime" mortgages—high-interest loans that require little down payment and no proof of income. This includes "adjustable rate mortgages," which begin with interest-only payments for a few years, then jump to exorbitant rates. Caught between soaring payments and sinking home prices, hundreds of thousands of workers and people in the middle classes have defaulted, leading scores of subprime lenders to go under.

The Mortgage Bankers Association announced in early December that U.S. home foreclosures have reached the highest rate since 1972. About 1.7 percent of mortgage holders have entered the foreclosure process, which means a bank or other lending institution is moving to evict a borrower who misses mortgage payments and to repossess the house. More than a million homeowners face foreclosure.

In his December 6 speech, Bush praised "innovative mortgage products" that in recent years "have helped millions of Americans afford their own homes." Bush criticized lenders who "made loans that borrowers did not understand" and borrowers who "took out loans they knew they could not afford," suggesting that those who are losing

Continued on page 11

Meeting in Athens promotes 'Sankara Speaks'

BY NATASHA TERLEXIS

ATHENS—A presentation of two new books of speeches by revolutionary leader Thomas Sankara was held here December 9 at a cultural center, Cosmos of Culture. Many of the participants were immigrant workers from Africa and the Middle East, including from Burkina Faso, Ghana, Cameroon, and Tanzania.

The featured books were *Thomas Sankara Speaks: The Burkina Faso Revolution 1983–1987* and the French-language edition, *Thomas Sankara Parle*, both published by Pathfinder Press.

Samsideen Iddrisu, a Ghanaian-born member of Cosmos of Culture who has long been a fighter for immigrant rights, told the audience, "Sankara sought to shatter the mentality of dependence that has become internalized by our people due to centuries of colonial and imperialist domination."

Iddrisu reviewed the legacy of exploitation that Africa has inherited from colonialism, noting that "Burkina Faso had the highest infant mortality in the world and 98 percent illiteracy before the revolution." He said Sankara's policies sought to address these oppressive conditions through concrete measures, without depending on the imperialist powers—Paris, in the case of Burkina Faso—that had created them in the first place. "He knew that to do that, the youth of Africa sought out Che Guevara," he said, referring to the leader of the Cuban Revolution.

Georges Mehrabian, of the Athens-based publisher Diethnes Vima (International Forum), said these books are important for fighting workers in Greece. He noted that Sankara viewed the struggles of working people in the imperialist countries as an integral component of the struggle against imperialist oppression and capitalist exploitation. "African and other immigrant workers are now joining this front as well," he said.

A dozen day laborers from Burkina Faso who work in construction attended the meeting. One who took the floor stated, "Why are we here in Greece? It is because Sankara was killed and the revolution defeated. During the revolution, Burkinabè youth did not leave their country even though there was poverty then as well. That is because we had confidence in our own abilities to change the country, to change Africa, to improve the lives of people. The overthrow of the revolution has meant the overthrow of this confidence as well. So, now we leave to come here to get jobs in construction."

Another Burkinabè worker explained that, although he was a child during the revolution, he learned about it through older members of his community. People remembered that they had gained clean drinking water for the first time as well as advances towards self-sufficiency in food production. "The revolution was ended, but we are happy to be Burkinabè, because those four years showed what is possible to do in Africa ourselves."

Audience members bought nine copies of the *Thomas Sankara Speaks*, in English or French, at the meeting.

Washington state rally for immigrant rights

Continued from front page

the May 1 Seattle march demanding the legalization of undocumented workers, and told him "that these activities may be ok in Seattle but they are not accepted in Pacific," according to the fact sheet.

Despite the fact that he was a legal resident, the cop turned in the worker to Immigration and Customs Enforcement agents. He was locked up in the Northwest Detention Center in nearby Tacoma and spent eight days waiting for a hearing. Representatives of the two immigrant advocacy groups met with Pacific mayor Richard Hildreth, who said he would issue an order that police stop asking drivers about their immigration status during minor stops. The harassment, however, continued and immigrant rights defenders began attending city council meetings to voice their protests. Police attempted to deny immigrant rights groups a permit to march here in September. The cops told organizers that if the march occurred demonstrators would be arrested. Eventually authorities backed down and allowed the march, although the police tried to intimidate protesters with the presence of a SWAT team during the march. At the November 26 city council meeting, Hildreth presented a new draft policy toward immigrants specifying that local police will not transport detainees to the immigration jail and that under "normal" circumstances they will not ask drivers about their immigration status. Speaking at the meeting, Dianne Aid of the Jubilee Center objected to the presence of half a dozen police officers inside and outside the chamber at the city council meetings and noted its intimidating effect on immigrant workers who wanted to attend.

One of the speakers at a rally after the city council meeting was an immigrant worker who lives in Pacific and is active in El Comité Pro Amnistía. He responded to charges that "outside agitators" were stirring up problems in the town. "The Latino community in Pacific asked for help in addressing the situation we faced, and we are glad that individuals and organizations responded," he said.

Among those at the November 26 protest were representatives of the Jubilee Center, El Comité Pro Amnistía, New Hope Lutheran Church in Pacific, Jobs With Justice, Socialist Workers Party, the University of Washington chapter of the Committee in Solidarity with the People of El Salvador, and students from Seattle University.

Fascism originates from capitalist economic crisis

Below is an excerpt from Fascism and Big Business*, one of Pathfinder's Books of the Month in December. In this comprehensive explanation of fascism as it developed in Italy and Germany in the 1920s and 1930s, Daniel Guerin shows how fascism, far from being an aberration of mass psychology, arose from the specific conditions of a social system in crisis. Guerin contrasts the radical anticapitalist demagogy of fascists with their moves to shore up the capitalist profit system once they form the government. Copyright © 1973 Pathfinder Press. Reprinted by permission.*

BOOKS OF THE MONTH

BY DANIEL GUERIN

Revolutionaries have a perfectly natural tendency to see everything as it relates to themselves. They are under the impression that the bourgeoisie resorts to fascism only to smash the imminent threat of proletarian revolution. There is a certain grain of truth in this explanation, but it is oversimplified. The wealthy certainly fear revolution and finance bands of gangsters to teach the workers good manners. But it is not so much to stifle the revolution that they hand state power over to the fascists. Neither in Italy nor in Germany was revolution in the offing at the moment fascism took state power. The bourgeoisie resorts to fascism less in response to disturbances in the street than in response to disturbances in their own economic system. The sickness they aim to banish is within, not without.



Militant/Hilda Cuzco

August 2006 rightist counterprotest of 400 seeks to intimidate immigrant rights demonstration of 300 in Riverside, New Jersey, where city council was considering ordinance to impose fines on anyone who hires or rents to undocumented workers.

The keystone of capitalism is profit. As long as capitalism was growing, the bourgeoisie was able to tap ever new sources of profit through the ceaseless development of production and the constant expansion of domestic and foreign markets. After World War I, capitalism as a whole began to decline. To the periodic economic crises of the past there has been added a chronic crisis, involving the whole system and threatening capitalist profit at its very source.

Up to the war, democracy suited capitalism perfectly. Everyone knows the old refrain: Democracy is the cheapest form of government . . . The spirit of free enterprise can flower only in the benign climate of liberty . . . The political rights which democracy grants to the masses act as a sort of safety valve and prevent violent clashes between rulers and ruled. . . Democracy enlarges the capitalist market by encouraging the masses to want more goods and by giving them, to some extent, the means of satisfying their needs. All true enough—when the feast is abundant, the people may safely be allowed to pick up the crumbs.

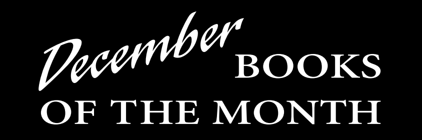
In the present period of capitalist decline, however, the ruling class is impelled to put democracy into the scales, carefully weighing its advantages against its drawbacks. Like Buridan's ass, it eyes the two bundles of hay—and hesitates. Cruel dilemma! In certain countries and under certain conditions, the drawbacks seem to outweigh the advantages. *Seem*—for on this point, it is not yet certain that the bourgeoisie has correctly calculated its own interests. Time alone will tell.

When the economic crisis becomes acute, when the rate of profit sinks toward zero, the bourgeoisie can see only one way to restore its profits: it empties the pockets of the people down to the last centime. It resorts to what M. Caillaux, once finance minister of France, expressively calls "the great penance": brutal slashing of wages and social expenditures, raising of tariff duties at the expense of the consumer, etc. The state, furthermore, rescues business enterprises on the brink of bankruptcy, forcing the masses to foot the bill. Such enterprises are kept alive with subsidies, tax exemptions, orders for public works and armaments. In short, the state thrusts itself into the breach left by the vanishing private customers.

But such maneuvers are difficult under a democratic regime. As long as democracy survives, the masses, though thoroughly deceived and plundered, have some means of defense against the "great penance": freedom of the press, universal suffrage, the right to organize into unions and to strike, etc. Feeble defenses, it is true, but still capable of setting some limit to the insatiable demands of the money power. In particular, the resistance of the organized working class makes it rather difficult to simply lower wages.

And so, in certain countries and under certain conditions, the bourgeoisie throws its traditional democracy overboard and conjures up with its invocations—and its subsidies—that "strong state" which alone can strip the masses of all means of defense, tying their hands behind their backs, the better to empty their pockets.

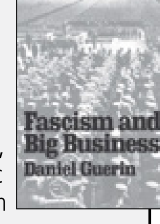
The phrase "in certain countries under certain conditions" is important. These are those nations which have put in their claim for a place in the sun too late, and so find themselves lacking raw materials and markets. In richer, more fortunate countries, the bourgeoisie seems to have succeeded, not in escaping the crisis permanently, but at least in extricating itself for the time being from its difficulties. They have been able to start up again, after a fashion, the mechanism of profit, resorting to expedients which at least have not required the substitution of dictatorship for democracy. But they used basically the same methods in both cases: the state re-floated private capitalism, revived it with great public works and huge "defense contracts." But thanks to the wealth accumulated by preceding generations, in the latter case there was no need for the fascist club to empty the workers' pockets. In the U.S.A., Roosevelt's New Deal sufficed.



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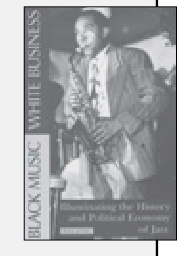
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EDITORIAL

Capitalism's mortgage debt crisis

The White House and major lending institutions are touting their Hope Now Alliance as a solution for homeowners who, trapped by high-interest "subprime" loans and dropping home prices, are unable to meet their mortgage payments. The plan does protect the big financial institutions. But for the vast majority of borrowers in the working class and middle classes, it offers no relief at all. This underscores the fact that the billionaire ruling class has a mortgage crisis, while the working class faces a housing crisis.

The roots of the rulers' crisis lie in the three-decade-long stagnation of their rate of capital accumulation, which has intensified competition between capitalists on a world scale. To maximize profits they have invested in whatever they think will bring the quickest returns. Increasingly they have speculated in debt, creating enormous bubbles of fictitious capital that guarantee disaster when they burst. This is what the plummet in home prices and mushrooming mortgage defaults are headed toward at some point.

The lending profiteers lured workers and middle-class people with little or no credit into buying homes with subprime mortgages. They offered them the "American dream" of "owning your own home." They were told they would be secure for life.

But there is no security under capitalism, as the plight of millions now losing their homes demonstrates. Working people are homeowners in name only, becoming chained further to debt slavery. What's more, bosses prefer that workers buy homes, counting on the conservatizing effects that go along with losing mobility and identifying as "property owners."

The housing crisis—ever-rising rents or mortgage payments—is only part of the picture, and not even the main problem for our class. As the economic crisis deepens, the employers will be driven to squeeze more profits from our labor. They will continue to speed up the production line, cut wages, and gut health and pension benefits. The bosses' parties will push for deeper cuts in Social Security and other social gains of the labor movement. They will expand their wars worldwide in their drive for resources and markets.

The root of the problem is the class-divided capitalist system. A tiny class of super-wealthy families owns the factories, mines, banks, and land, and controls the state apparatus. Workers produce the wealth—and the employers take it, pushing us increasingly to the wall.

Working people can counter these disastrous consequences only by our own collective resistance. This begins with solidarity: fighting together to defend workers and farmers in face of declining living and job conditions, rising joblessness, and ruinous bursts of inflation. It begins with organizing unions, and using union power to resist speed-up, enforce job safety, and combat assaults on wages and hours of work.

Through struggles such as these, more and more workers will recognize the pressing need to break with the twin capitalist parties, the Democrats and Republicans, and form a labor party based on the trade unions.

Along this road workers can build a revolutionary movement that will lead a fight to take state power out of the hands of the capitalist class and establish a workers and farmers government.

Cuba wins UN vote on 'human rights'

BY MICHEL DUGRÉ

TORONTO—A United Nations committee adopted a resolution November 16 that definitively removes a "mandate" against Cuba that the international body had maintained for two decades at the insistence of Washington, Ottawa, and other imperialist governments.

That mandate had required enquiries on imperialist-backed allegations of human rights violations in Cuba. Reports on these "enquiries" were discussed annually at sessions of the UN Commission on Human Rights, a body that was replaced in 2006 by a Human Rights Council.

The decision to end the mandate was adopted by 168 governments in favor. The seven that voted against were the United States, Australia, Canada, Israel, the Marshall Islands, Micronesia, and Palau. The latter three are virtual colonies of Washington.

Cuba presented the resolution on behalf of the Non-Aligned Movement at the UN General Assembly's Committee on Socio-Humanitarian Affairs.

Coming less than a month after the UN General Assembly adopted almost unanimously a resolution condemning the decades-long U.S. economic embargo against Cuba, this vote was a victory over U.S. attempts to pressure and isolate Cuba, that country's foreign ministry said in a statement.

The vote also represents a defeat for the Canadian government. For years Ottawa has waged an unrelenting campaign against revolutionary Cuba, falsely seeking to brand it as a brutal dictatorship.

The Canadian government co-sponsored resolutions denouncing Cuba's supposed violation of human rights 14 consecutive years at the UN Office of the High Commissioner for Human Rights. This was done under governments of both the Liberal and Conservative parties.

In May 2003, the Canadian government, together with Uruguay and Chile, presented a statement attacking Cuba on this same question before the Permanent Council of the Organization of American States.

Correction

The final scoreboard for the 'Militant' Fund printed in last week's issue incorrectly reported the total donations sent in from supporters in France. The correct total is $338.

LETTERS

Prison ban on 'Militant'

I have been in a month-long duel with this rightist administration as they attempted to put a ban on your newspaper. They were quite insistent on claiming the *Militant* wasn't going to pass the prison's mailroom. They had refused my possession of the paper by shielding their personal objection with doltish and unreasonable justification. One, which was the most idiotic and humorous of them all, stated:

"It has been determined that the newspaper which you have requested to receive, 'The Militant' (in English and Spanish), conflicts with institutional policies and its contents has been found to threaten the safe, secure, orderly operations of this institution."

Did I miss the truth of this statement? Feeling so, I challenged the response to the Review Committee and after an "extensive" review of the paper, I was granted approval but each printing was "subject to review."

Please continue to send the *Militant* weekly. I have only received one issue as of the date of this letter. The fight continues!

A prisoner
Virginia

'Militant' Prisoners' Fund

The Prisoners' Fund makes it possible to send prisoners reduced rate subscriptions. To donate, send a check or money order payable to the Militant and earmarked "Prisoners' Fund" to 306 W. 37th St., 10th Floor, New York, NY 10018.

The letters column is an open forum for all viewpoints on subjects of interest to working people. Please keep your letters brief. Where necessary they will be abridged. Please indicate if you prefer that your initials be used rather than your full name.

Home loan plan

Continued from page 9

their homes are irresponsible or lacking in intelligence.

Bush outlined a plan crafted by a group of lenders dubbed the HOPE NOW Alliance. The group includes Bank of America, Citigroup, HSBC, JPMorgan Chase, GMAC, State Farm Insurance, and other major capitalist interests.

Under the guidelines drafted by the HOPE NOW Alliance, some loan-servicing companies would agree to hold payments on adjustable rate mortgages (ARMs) at the lower introductory rates for a period of time. For some other mortgage holders in dire straits, credit counselors will supposedly help them find new loans to prevent foreclosure. Around 1.8 million home loans are ARMs set to increase sharply in the next two years.

But the deal provides no help for many subprime mortgage holders: those already in foreclosure, those who have already refinanced, and those who are more than 60 days delinquent on more than one payment over the past year. Nor will the plan apply to many who have good credit scores or are deemed capable of paying exorbitant interest rates.

Only 12 percent of subprime borrowers—some 240,000 people—would be affected by the freeze, according to analysts at Barclays Capital Research. And the second-largest category of loans entering foreclosure—adjustable-rate mortgages given to people who had good credit—are not even being considered for the freeze.

The rate freeze scheme needs no Congressional action to be implemented.

Many investors who have profited from subprime mortgages oppose the plan. Milton Ezrati of the money-management firm Lord Abbett & Co. told the *Wall Street Journal* he feared potential investors in mortgage-backed securities might say, "If you can interrupt my cash flow today, you can do it tomorrow."

Some who favor the plan were not optimistic. Nouriel Roubini, a New York University economist and head of a research firm, told the *Journal*, "Over the next three years we're still going to see a housing recession that leads to defaults and foreclosures. Anything we do now is on the margins."

Democratic party presidential hopeful Hillary Clinton criticized the plan, saying the Bush administration "has let down the American middle class." Her proposal differed little from the president's plan, however, except that it called for a 90-day moratorium on subprime foreclosures.

Run on Florida fund

The sharp decline in the value of SIV subprime mortgage bundles is having widespread repercussions. On November 29 the Florida government temporarily froze withdrawals from its Local Government Investment Pool to staunch a run on deposits. The $17 billion fund was set up to allow local municipal and school districts to deposit collected tax funds prior to spending the money on budgeted expenses such as payroll and debt to vendors.

The LGIP was revealed to include highly rated mortgage-backed securities that were downgraded as the foreclosure rate skyrocketed. Within two weeks, the Orange County, Florida, government and other districts withdrew 37 percent of the funds, triggering the freeze.

The problem remains unresolved. The executive director of the State Board of Administration, Coleman Stipanovich, resigned under pressure and the state hired BlackRock, a Wall Street investment management firm, to segregate the SIVs into a separate fund and limit withdrawals from the remaining funds while officials scramble to find some solution.

Local governments in a number of countries have reported losing substantial funds through similar investments. Commenting on these developments, an article in the *Financial Times* noted, "That localities in places as far apart as Florida and Norway have been burnt by the housing-related credit squeeze in the U.S. is a reminder of the potential for contagion. More importantly, it shows how the problems are still spreading slowly through the financial system. With new bombs continuing to go off in unlikely places, it looks increasingly clear that the credit crisis still has a way to run—and plenty more opportunity to inflict damage on the real economy."